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From: Retirement & Financial Planning Report
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Thursday, June 9, 2016

In case you missed it. This month's most widely read article...

Background Checks to Include Examining Social Media

Checking of publicly available postings on social media will become a standard part of background checks on federal employees for new or renewed security clearances, under an Obama administration policy decision. More details at <http://www.fedweek.com/fedweek/background-checks-include-examining-social-media/>

Many Not Confident in Managing Retirement Investments

A recent report by the Federal Reserve Board raises several warnings about retirement savings habits, finding that 39 percent of those not retired have given little or no thought to financial planning for retirement and 31 percent have no retirement savings or entitlement to annuity benefits.

"As might be expected, the amount of thought given to retirement planning varies considerably by age," it said. "The proportion of those ages 18 to 29 who say they have given no thought at all to retirement planning was the highest of any age group, at 31 percent. Those closer to retirement age are more likely to indicate that they have given thought to retirement planning. That said, slightly less than half of non-retired respondents ages 45 and above say they have given "a fair amount" or "a lot" of thought to retirement planning."

Of those who are saving for retirement, half are not confident or only slightly confident in their "ability to make the right investment decisions when investing the money in these accounts," it said. A quarter of those who are making investments in a tax-favored employer-sponsored plan do not even know what portion of their salary they invest and four-tenths do not know the maximum of their salary their employer will match.

Among non-retirees, only 22 percent anticipate that they will experience the traditional notion of retirement, which is working full time until a retirement date and then no longer working at all. For 26 percent, their "retirement plan" is to keep working as long as possible, and for another 12 percent do not plan to retire at all. The figures were based on survey responses by nearly 9,000 people.

Part-time Employment and Annuities

If you have any part-time service in your work history, the more part-time service you have in your career, the greater the reduction will be versus having spent those years as a full-time employee. Here's how your annuity will be calculated. Read at <http://www.fedweek.com/retirement-financial-planning/part-time-employment-annuities-2/>

Avoiding the 10 Percent Distribution Penalty

Taking an IRA distribution before age 59 1/2 usually results in a 10 percent penalty. That's in addition to ordinary income tax on the distribution. There are several exceptions to the penalty but most (disability, for instance) are not easy to claim.

However, all IRA owners can avoid the 10 percent penalty by taking a series of substantially equal periodic payments (SEPPs). There are several ways to take SEPPs, based on your life expectancy. You can ask your IRA custodian or go online to search for a "72(t)" calculator.

In any case, you'll be allowed to take a set amount of money every year, penalty-free. You must keep up your SEPPs every year for at least five years or until age 59-1/2, whichever comes later. If you deviate at all, you'll owe the 10 percent penalty on all premature distributions.

Suppose you start a SEPP at age 50, taking \$10,000 a year. At age 55, after taking \$50,000 worth of IRA distributions, you take \$15,000 from your IRA to meet an emergency. That \$15,000 will be subject to income tax and a 10 percent penalty—and you'll also owe \$5,000 as a 10 percent penalty on your previous \$50,000 of premature distributions.

Therefore, before you start a SEPP you should be aware that it's vital to stay with the plan until you're allowed to stop.

2017 Federal Pay Raise Set by Silence

A House subcommittee has approved that measure, which by remaining silent on a January 2017 federal employee raise effectively paves the way for one to be paid by default. More at <http://www.fedweek.com/fedweek/acceptance-raise-default-appears-set/>

Approval Near in Senate on Buyout, Veterans Preference Changes

The Senate expects to finish voting this week on a DoD bill (S-2943) containing significant changes in several federal employee policies, shifting the focus to an upcoming conference with the House—which previously passed its own version of the bill without those provisions. Read at <http://www.fedweek.com/fedweek/approval-near-senate-buyout-veterans-preference-changes/>

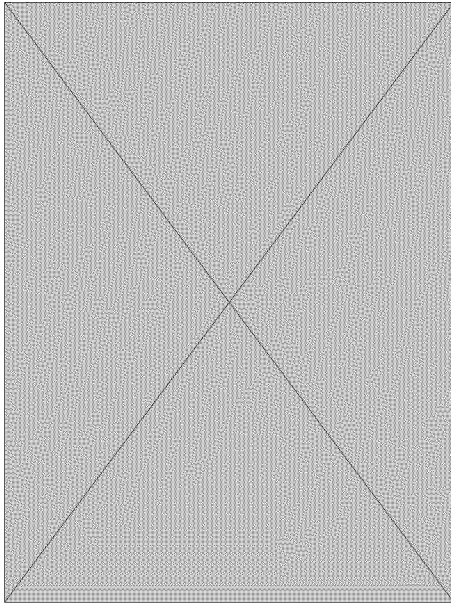
Expert's View: Eligibility for Medicare Part A and Social Security

CSRS employees become eligible for Medicare Part A but whether they are eligible for a Social Security benefit depends on their work experience, writes benefits expert Reg Jones. You'll find his column at <http://www.fedweek.com/uncategorized/eligibility-medicare-part-social-security/>

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- TSP's new policies on investment limits, interfund transfers, withdrawal options and transfers from other retirement savings programs
- A detailed perspective on what the "new" TSP is all about-and what it means to you.
- The relationship between the TSP and IRAs-what types of accounts can be involved in transfers and under what circumstances.

- Special rules for employees who are also Reservists or National Guard members-when they can establish a second, "military" TSP account, how much they can invest in it, how the two accounts work in relation to each other, and considerations for combining accounts.
- Newly Revised tables on rates of return and an analysis-and how they can guide your TSP investment and withdrawal strategies.
- Completely updated guide to resources, forms and services available in the TSP program.
- And much more!

Here's a look what you'll find in this all-new handbook:

What the TSP's Design Means to You: Payroll Withholding, Rates and Contributions, Tax Treatments, Roth Balances, Investment Choices, Loan Programs, In-Service Withdrawals and more...

The TSP's Place in Your Overall Assets: TSP Tax Advantage, Administrative Expenses, TSP's Role in Your Retirement Savings, TSP's and IRAs, Balancing Risks and more...

Time and Timing Considerations for Continuing TSP Investing: Account Growth, Maximizing Investments, Risk and Return, The L Fund, Your Time Frame and more...

Investment Questions and Answers: Investment Rules, The G Fund, The C Fund, The F Fund, The S Fund, The I Fund, The L Fund, Tracking Returns and Interfund Transfers and more...

Looking Ahead to a TSP Withdrawal: Growth of Current Account Balance and Future Investments, Translating Your TSP Account into Potential Income.

A Framework for Your Withdrawal Decision: Projecting Your Basic Federal Retirement Benefits and Income from Other Sources, How Long Your Might be Retired, Assessing Your Income Goals and Needs, Timing Your TSP Withdrawal and Finding the Best Deal.

Lump Sum Withdrawals and Annuities: The Advantages and Disadvantages as well as Tax Implications.

Survivor Benefit Considerations: TSP Death Benefits, Civil Service Retirement Survivor Benefits, Social Security Survivor Benefits and Your Survivor Annuity Choice.

TSP Contacts and Forms: TSP Service Office, The ThriftLine, The TSP Website and Forms.

To order online or see below for other ways to order. *The Thrift Savings Plan Investor's Handbook for Federal Employees* is only \$12.95

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